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discussing at some length the question of an extension of the policy of commercial alliances, and the relation of free-trade England to the other countries of Europe in that connection. The possibility of a commercial union of the British Empire and the effect of such an alliance upon the other nations receives considerable attention; and the epilogue closes with a brief consideration of the commercial relations and possible alliance of Germany and France.

The general scope of the work is summed up by Professor Worms himself in the statement that he planned to show how the German Empire, after having followed an exclusive policy of protection, has turned from that and is moving toward free trade (its own older policy) through commercial treaties—an example he would gladly see imitated by others. The announced intention of the author is to make the work purely historical, but he manifestly conceives history in the broad sense as involving an analysis of cause and effect as well as a chronology of facts. The work is philosophical in spirit, and gives us not only tariff history, but also its relation to other branches of history. He frankly declares himself an advocate of *libre-échange*, with concessions to protection as a temporary measure; but this confession of faith does not prevent a very fair-minded treatment of his subject. Nor does his French blood prevent an unprejudiced attitude toward German affairs. The work is timely in view of present problems; and is so scientific and scholarly that it must be of great interest to the student of European and German commercial history.

LEONARD W. HATCH.

POINT CHAUTAUQUA, N. Y.

*The Physiocrats.* Six Lectures on the French *Économistes* of the Eighteenth Century. By HENRY HIGGS. London and New York, The Macmillan Company, 1897. — x, 158 pp.

Adam Smith thought that it would not be worth while to examine at great length the errors of a system of political economy not adopted by any nation, but existing only in the speculations of a few men of great learning and ingenuity, and destined never to do any harm in any part of the world. English economists, apparently agreeing with him, have been satisfied for more than a century with the somewhat one-sided account of Physiocracy, which, in spite of his misgivings, he appended to his description of the Mercantile system. Meanwhile, the labors of Lavergne, Oncken, Schelle and Bauer, not to mention others, have largely modified the traditional

view of the *Économistes*, while the recently published *Lectures* of Adam Smith have abundantly confirmed the suspicion that he himself owed to them far more than he ever realized. It is Mr. Higgs's misfortune that his own lectures, delivered before the London School of Economics, were given at a date just too early for him to take account of Mr. Cannan's find; but even so, his concise and attractive book well deserves the attention of English-reading students of the history of political economy.

Mr. Higgs's method is historical rather than analytical. His first lecture, devoted to "The Rise of the School," describes briefly the industrial condition of France, and especially the French system of taxation, in the middle of the last century, indicating the influence of these external facts upon the development of Physiocracy. The chief intellectual influence exerted upon the *Économistes* Mr. Higgs traces, as might have been expected, to Cantillon. It cannot be disputed that Mirabeau was deeply influenced, before he became an *Économiste*, by the study of Cantillon's unpublished *Essai sur la nature du commerce en général*. By his subsequent acquaintance with Quesnay, however, "he was converted," Mr. Higgs says, "into a lifelong disciple and friend" of that thinker. The doctrines of the school were, therefore, Quesnay's, not Mirabeau's; and it is by no means clear that Cantillon's *Essai*, though published in 1755, exercised a determining influence over Quesnay himself. Upon this crucial point Mr. Higgs has elsewhere suggested<sup>1</sup> that

The debt of Quesnay to Cantillon is not a borrowing of detail, but an influence of spirit. It was not upon questions of *grande* or *petite culture*, of oxen or horses, of productive or unproductive labor, that he found help in Cantillon, but in the scientific attitude which he adopted when he approached the distribution of wealth.

Such an influence of spirit it is as difficult to prove as to disprove. It may be equally possible to attribute Quesnay's scientific attitude to the effect of his medical studies. Meanwhile, Mr. Higgs brings out clearly that intimate personal connection between the members of the school, and that general devotion to a common oracle, which distinguishes the Physiocrats from all other economic schools, even from the Austrians.

The second and third lectures are devoted to "The School and its Doctrines." They describe at some length the career and the writings of Quesnay, Mirabeau, Dupont de Nemours and Mercier de la Rivière,

<sup>1</sup> *Quarterly Journal of Economics*, VI, 454.

and mention briefly a number of minor Physiocrats. The treatment of Turgot, who never considered himself a member of the sect — or indeed of any sect — is reserved for the following lecture, on “The Activities of the School.” In this lecture the reader is led to see that Adam Smith was not absolutely correct in characterizing the Physiocratic system as “never adopted by any nation.” Compared, however, as Adam Smith would have wished to compare them, with the immense vogue of the Mercantile system, the triflings of Leopold of Tuscany or of Joseph II with Physiocratic precepts, or even the more persistent efforts of Carl Friedrich of Baden, were virtually nothing. “The Opponents of the School” are treated in the fifth lecture, but the great figure of Adam Smith is reserved for the next and last lecture — that on “The Influence of the School.” Had Mr. Higgs been able to use Adam Smith’s *Lectures on Justice, Police, Revenue and Arms*, he would doubtless have given the first third of his lecture, devoted to Adam Smith, a somewhat different content. It is therefore unfair to criticise his treatment. Perhaps, for the purpose in view, nothing else was practicable at the time than to recapitulate, almost in Adam Smith’s own words, the five criticisms which he passed upon the “agricultural system.” But to some points in the remainder of the sixth lecture attention may fairly be invited.

McCulloch’s remark that Adam Smith’s refutation of the system of the *Économistes* is unsatisfactory because Adam Smith did not recognize the existence of no-rent land, Mr. Higgs characterizes as “a shallow criticism.” Poor old McCroudy has become so pitifully shallow in these profound days that it were less than Christian to refuse recognition of any rudimentary idea that he may by chance have had ; and in this case the root of the matter appears to be in him. The Physiocrats regarded the *produit net* sometimes as a surplus of commodities, sometimes as a surplus of values. As a surplus of commodities it was most conspicuous in agricultural production, and appeared to be due to the characteristic element in such production, the soil. As a surplus of values the *produit net* was naively supposed to be due to the same cause ; and this transcendence was supported by the fact that the surplus of value flowed generally to a separate and identifiable landlord. In other words, a distributive result, affecting values and manifesting itself because of the system of land tenure, was confused with a result of production affecting commodities. In non-agricultural industry the surplus of commodities is less obvious: it frequently does not exist. The surplus of values, however, does exist. Buildings and machines yield a rent as truly as lands. But

this rent becomes conspicuous only when the buildings and machines are loaned. It is concealed so long as they remain in the hands of their owners. This distributive accident enabled the Physiocrats generally to shut their eyes to the fact that the *produit net*, considered as a surplus of values, results from non-agricultural, as well as from agricultural industry. But Turgot, at any rate, saw the difficulty (so far, at least, as concerns the rent of money) and he sought to meet it by calling interest a reward for abstaining from investment in land and for giving up the net product — surplus of values — to be secured thence.<sup>1</sup> Considering the *produit net*, therefore, as a surplus of values — and as such the Physiocrats regarded it when they thought it the sole source of taxation — they were able to conceive it as they did only because they lived under conditions where land generally, even universally, afforded a rent; and McCulloch's suggestion is not altogether shallow. This matter is now treated at such length, not because it is especially important in itself, but because it serves to bring out an important difference between the Physiocratic and the Ricardian views of rent — a difference which a reader of Mr. Higgs's book must keep firmly in mind.

After discussing the relation of Henry George and the single tax to the Physiocrats, Mr. Higgs says :

It is in the main on principles like theirs that Mill proposed the taxation of the unearned increment of land, and that philosophers like Professor Sidgwick regard unearned increment of every kind as a preëminently suitable object of taxation.

The way in which this passage may intimate a persistence of Physiocratic influence depends on the meaning of "principles like theirs." As a matter of economic principle, the Physiocrats advocated the *impôt unique* because they believed that other taxes are shifted upon rent; Henry George advocates the single tax because he believes that other taxes are not so shifted. Mill and Sidgwick, too, propose taxes on unearned increments, not because taxation of the same economic effect is inevitable, but because the proposed taxes are expedient. It appears, however, that by "principles like theirs" Mr. Higgs means to indicate rather the notion of Mercier de la Rivière, eloquently ridiculed by Voltaire, that the sovereign is co-proprietor of the soil, and as such entitled to a share of the *produit net*. This principle appears to be political, not economic at all, whereas Mill and Sidgwick argue on the distinctly economic grounds

<sup>1</sup> *Réflexions*, lxi (Daire's ed., I, 39).

of what they believe to be distributive justice. If this be so, it is straining a point to find traces of Physiocratic influence in modern attempts to socialize the unearned increment. Similarly forced is the following passage:

Fanciful as it may seem that they proposed to limit the royal power within the vague circle of what was "advantageous to the nation," or consonant with reason (*l'ordre naturel*), under pain of forfeiting all claim to obedience, such a limitation is not far removed in principle from the constitutional check of the supreme court on legislation in the United States (p. 142).

Surely the supreme court of the United States reckes as little of *l'ordre naturel* as do the courts of England herself. Like them, it is a court of law, and the first paragraph of the Declaration of Independence is not law.

These, however, are but minor matters, the results of Mr. Higgs's enthusiasm for the ideas of the men concerning whom he writes. Taken all in all, his unpretentious book is marked by competent knowledge, care and a good sense of proportion. An exhaustive treatise upon the Physiocrats it does not profess to be; but it seems excellently adapted to the purpose for which it was originally prepared, and its permanent merits are abundantly sufficient to justify the author in offering it to a wider public. As a book, its flow is inevitably somewhat interrupted by the retention of the form originally given the separate lectures, but its style is simple, clear, and easy to read.

CHARLES H. HULL.

CORNELL UNIVERSITY.

*Éléments d'économie politique pure.* Par LÉON WALRAS.  
Troisième édition. Lausanne, F. Rouge, 1896. — pp. 495.

*Études d'économie sociale. Théorie de la répartition de la richesse sociale.* Par LÉON WALRAS. Lausanne, F. Rouge, 1896. — pp. 464.

When the first edition of Professor Walras's *Elements of Pure Political Economy* appeared in 1874 he was entirely ignorant of the fact that three years before almost the identical theory had been expounded by Jevons in England and Menger in Austria; and it was at a somewhat later date that he began to read his still earlier German predecessor, Hermann Gossen. That the scientific world has learned to appreciate the value and independence of Walras's work is shown by